

Message Text

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ACTION EB-11

INFO OCT-01 IO-14 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 SPC-03 AID-20 NSC-10 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 L-03 H-03 PA-04 PRS-01 USIE-00

SSO-00 NSCE-00 INRE-00 CIAE-00 INR-10 NSAE-00 SCEM-02

SCI-06 INT-08 COME-00 DRC-01 /203 W

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O 221323Z DEC 73 ZFF4

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC NIACT IMMEDIATE 2209

USMISSION GENEVA NIACT IMMEDIATE

AMEMBASSY JIDDA NIACT IMMEDIATE

AMEMBASSY TEHRAN NIACT IMMEDIATE

AMEMBASSY VIENNA NIACT IMMEDIATE

C O N F I D E N T I A L LAGOS 10238

E.O. 11652: GDS

TAGS: ENRG,EF

SUBJECT: OPEC PRICE INCREASE

REF: GENEVA 6742, STATE 249382

1. IMMEDIATELY UPON RECEIPT GENEVA TEL, CHARGE CALLED ON MIN MINES AND POWER DIRECTOR OF PETROLEUM RESOURCES DIVISION, M.O. FEYIDE. (COMMISSIONER FOR MINES AND POWER MONGUNO IS IN TEHRAN, AND PERMSEC ASIODU WHO HAD BEEN EXPECTED IN MINISTRY FOR UNRELATED 12:30 P.M. MEETING HAD CANCELLED AND COULD NOT BE REACHED.)

2. IN PRESENTATION TO FEYIDE, CHARGE EXPRESSED VERY STRONG USG CONCERN OVER POSSIBILITY OF LARGE OPEC PRICE INCREASE IN CURRENT TEHRAN MEETING, EMPHASIZED DISASTROUS EFFECTS LARGE INCREASE WOULD HAVE FOR ALL OIL CONSUMERS, FOR STABILITY OF WORLD ECONOMY, AND THROUGH CHAIN REACTION, ON ENTIRE FABRIC OF
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WORLD TRADE, AFFECTING OIL PRODUCERS AND CONSUMERS ALIKE.

CONCLUDED WITH URGENT USG HOPE THAT BECAUSE OF CURRENT CHAOTIC OIL PRICE AND SUPPLY SITUATION OPEC GOVERNMENTS WOULD DEFER PRICE DECISIONS UNTIL SITUATION STABILIZES.

3. FEYIDE RESPONDED IN SERIOUS TONE THAT FMG IS ITSELF AWARE OF AND CONCERNED ABOUT INCALCULABLE RAMIFICATIONS OF AN EXCESSIVE OIL PRICE INCREASE. HE POINTED OUT THAT COMMISSIONER MONGUNO HAD EMPHASIZED IN AIRPORT DEPARTURE STATEMENT DECEMBER 21 THAT NIGERIA WISHES SEE STABILITY IN OIL MARKET, WHICH WOULD BE IN INTEREST OF CONSUMERS, PRODUCERS, AND LARGE OIL COMPANIES ALIKE.

4. FEYIDE SAID HE HAD RECEIVED ALMOST IDENTICAL APPROACHES FROM SEVERAL FRIENDLY EUROPEAN EMBASSIES (HE WOULD NOT INDICATE WHICH), AND HE PROMISED TO TELEX MONGUNO IMMEDIATELY TO INFORM HIM OF CHARGE'S CALL AND CONVEY THE EXTREME SERIOUS VIEW USG TAKES OF ENTIRE MATTER AND OF NEED PROCEED WITH CAUTION AND RESERVE DECISION TO MORE SETTLED CIRCUMSTANCES.

5. FEYIDE SAID HE COULD NOT SPECULATE ON WHAT MIGHT EMERGE FROM TEHRAN MEETING, BUT HE EXPRESSED VIEW THAT PRICE SITUATION WAS ALMOST OUT OF CONTROL. HE SAID HIS DEPUTY HAD REPRESENTED NIGERIA AT PREPARATORY MEETING IN VIENNA BUT BECAUSE OF PRESSURE OF TIME HAD BEEN ORDERED PROCEED DIRECTLY TO TEHRAN TO REPORT TO MONGUNO. AS A RESULT, FEYIDE HAD NO IDEA WHAT FORMULAE OR OTHER PROPOSALS MIGHT HAVE BEEN PREPARED IN VIENNA. (ONLY ASPECT OF MONGUNO DECEMBER 21 STATEMENT THAT MIGHT BEAR ON THIS WAS THAT "CURRENT ENERGY SITUATION CALLED FOR NEW RELATIONSHIPS BETWEEN GOVERNMENTS OF CONSUMING AND PRODUCING COUNTRIES".)

6. COMMENT: FEYIDE TOOK PRESENTATION SERIOUSLY; HIS TELEX TO MONGUNO SHOULD REINFORCE APPROACHES MADE IN OTHER CAPITALS. HOWEVER, CHARGE DID NOT RECEIVE IMPRESSION THAT FEYIDE EXPECTED MONGUNO WILL PLAY LEADING ROLE OR TAKE DECISIVE POSITIONS AT TEHRAN. BEYOND POSSIBLE EXPRESSION OF CONCERN OVER NEED FOR STABILITY, IT APPEARS LIKELY MONGUNO WILL CONTINUE TO GO ALONG WITH MAJORITY AND ACCEPT WHAT PRICE INCREASE MAY BE GENERALLY AGREED UPON.

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